

Service Date March 20, 1974

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

In the Matter of the application of)	
PACIFIC POWER & LIGHT COMPANY)	DOCKET NO. 6220
for an order authorizing borrowings in an)	
aggregate principal amount not exceeding)	
\$35,000,000 at any one time out-standing)	ORDER NO. 4134
under a Loan Facility with certain banks.)	

On March 14, 1974 PACIFIC POWER & LIGHT COMPANY, a corporation organized and existing under and by virtue of the laws of Maine, and qualified to transact business in the state of Montana, hereinafter called the applicant, filed with the Public Service Commission of Montana, its verified application, pursuant to Title 70—117.1 to 70—117.6, RCM 1947, requesting an order for authority to borrow in an aggregate principal amount not exceeding \$35,000,000 at any one time outstanding under a revolving stand-by loan facility with certain banks.

It is alleged in the application that the applicant is a public utility as defined by Title 70-103, RCM 1947, in that it furnishes electric and water service in Montana; that applicant's principal executive office is in the Public Service Building, Portland, Oregon 97204; that its Montana offices are located in Kalispell, Montana; and that applicant is qualified to do business in the states of Montana, Washington, Oregon, California, Idaho and Wyoming. Applicant proposes to borrow in an aggregate principal amount not exceeding \$35,000,000 at any one time outstanding through drawings under a revolving stand-by loan facility (Loan Facility) evidenced by a letter agreement (Letter Agreement) to be dated as of March 18, 1974

(Exhibit D) between applicant and White, Weld & Co. Limited as Agent for the banks listed below (Banks). The duration of the Loan Facility will be for a period of eighteen months from the date thereof. Under the Loan Facility, applicant will have the right to make drawings from time to time in the amount of \$1,000,000 or multiples thereof, for a period of one, three or six months, at applicant's option, which borrowings will mature and be repaid on the last day of the chosen period, but in no event later than the termination date of the Loan Facility. Each drawing will be advanced by the Banks in the proportions that their respective commitments set forth below opposite their names bear to the total Loan Facility:

Bank of America Lux.	\$ 5,000,000
Banque Europeene Credit a Moyen	
Terms (BEC)	5,000,000
European Banking Company	
(E.B.I.C.)	5,000,000
Interunion-Banque	4,000,000 ^{1/}
London Multinational Bank Limited	\$ 3,000,000
Bank of Nova Scotia	2,000,000
Credit Lyonnais-New York Branch	2,000,000
First National Bank of Oregon	2,000,000
White, Weld & Co. Limited	2,000,000
Banco Urquijo	1,000,000
Julius Baer International Limited	1,000,000
UBAF Ltd.	1,000,000
United International Bank Limited	1,000,000
World Banking Corporation Ltd.	<u>1,000,000</u>
Total	<u>\$35,000,000</u>

^{1/} Royal Bank of Canada has subscribed for \$2,000,000 for its own account -- Royal Bank of Canada is also participating in \$2,000,000 commitment of Interunion-Banque.

Interest will be payable on each drawing at a rate per annum equal to a margin of $\frac{5}{8}$ of 1 percent per annum plus the rate equal to the arithmetic mean (which, if not a whole multiple of $\frac{1}{16}$ of 1 percent, shall be increased to the nearest whole multiple of $\frac{1}{16}$ of 1 percent) of the rates at which deposits in United States Dollars are offered by prime banks in the London interbank market for periods of one, three or six months, whichever is appropriate, and will be fixed at 11:00 a.m. (London Time) two business days prior to the date on which the drawing is made. The interest will be payable on each drawing from the date thereof until actual repayment and will be calculated on the basis of the actual number of days elapsed divided by 360.

Applicant will be under no requirement or understanding to maintain compensating balances with the Banks.

Applicant will pay a commitment commission in United States Dollars at the rate of $\frac{1}{4}$ of 1 percent per annum from the date of acceptance by applicant until the termination of the Loan Facility calculated on the basis of the actual number of days elapsed divided by 360 and on the daily unused portion of the Loan Facility payable ninety days in arrears from the date of signing the Letter Agreement for the Loan Facility.

In the event of default with respect to the covenants to be kept and performed by applicant as set forth in the Letter Agreement, the Agent may, on written notice to applicant, terminate the commitments of the Banks and declare all amounts due to the Banks to be due and payable with interest thereon at the applicable rate.

For further information concerning the Loan Facility, reference is made to the Letter Agreement (Exhibit D)

The capitalization ratios of applicant as of December 31, 1973, after giving effect to the sale of \$60,000,000 in principal amount of First Mortgage Bonds on January 16, 1974, and 2,500,000 shares of Common Stock of the par value of \$3.25 per share to be sold on April 4, 1974 (Docket Nos. 6205 and 6219, respectively) were approximately 51.7% First Mortgage Bonds, 1.5% Guaranty of Pollution Control Revenue Bonds, 0.1% Convertible Debentures, 0.1% Miscellaneous Long-term Debt, 9.9% Preferred Stock and 36.7% Common Stock Equity.

Gross proceeds to be received by applicant from borrowings under the Loan Facility will not at any one time exceed \$35,000,000 in an aggregate principal amount.

Expenses in connection with the borrowings are estimated as follows:

Filing fee — Federal Power Commission	\$ 500
Fees to state regulatory authorities	6,500
Fees of Counsel for applicant	2,000
Management fees	45,000
Miscellaneous, including printing expenses, travel expenses and other miscellaneous expenses	<u>16,000</u>
Total	<u>\$70,000</u>

Proceeds from the borrowings, less expenses, will be used, in part, to temporarily finance applicant's construction expenditures which for 1974 are estimated at \$259,539,000 as shown by Exhibit G in applicant's application dated February 8, 1974, in Docket No. 6219 and which is incorporated by reference because there has been no material change therein since said time. The balance of funds required to meet estimated construction expenditures is expected to come, in part, from funds to be generated internally and from the issuance of promissory notes under a Credit Agreement, a Line of Credit and in the form of Commercial Paper as authorized by the Commission (Docket No. 6151) and as may further be authorized by the Commission, and from permanent financing later in 1974 of a type and magnitude not yet finally determined.

Having fully considered the application and all the files and records pertaining thereto on file with the Commission and being fully advised in the premises, the Commission makes the following

FINDINGS OF FACT

1. That the applicant, Pacific Power & Light Company, is a corporation organized and existing under and by virtue of the laws of the state of Maine, and is qualified to transact business in the state of Montana.
2. That the applicant is operating as a "public utility" as defined in Title 70-103, RCM 1947, and as such is engaged in furnishing electric and water service in the state of Montana.

3. That the Commission has jurisdiction over the subject matter of said application under Titles 70-117.1 through 70-117.6, RCM 1947, in that the securities proposed to be issued by applicant will have a maturity of less than one year, but the aggregate of \$35,000,000 of the securities proposed to be issued, together with notes of applicant having a maturity of less than one year, exceeds five percent (5%) of the par value of applicant's other securities outstanding.

4. That the securities transactions proposed by the applicant, as hereinafter authorized, will be for a lawful purpose and are consistent with the public interest; that same are necessary or appropriate for and consistent with the proper performance by the applicant of service as a public utility; and that the aggregate amount of the securities outstanding and proposed to be outstanding will not exceed the fair value of the properties and business of applicant.

5. That public notice of the filing of said application and a formal hearing thereon is not required and that the application should be approved as hereinafter ordered.

CONCLUSION

The Commission concludes that the application of Pacific Power & Light Company should be granted as hereinafter ordered.

ORDER

NOW, THEREFORE, at a session of the Public Service Commission of the State of Montana, held in its offices at 1227 11th Avenue, Helena, Montana, on March 18 , 1974, there being present Chairman Louis G. Boedecker, Commissioner Ernest C. Steel and Commissioner Robert E. McTaggart, there regularly came before the Commission for final action, the matters and things in Docket No. 6220 and the Commission being fully advised in the premises;

IT IS HEREBY ORDERED that the application of Pacific Power & Light Company for authority to borrow in an aggregate principal amount not exceeding \$35,000,000 at any one time outstanding through drawings under a revolving stand—by loan facility, pursuant to a Letter

Agreement (Exhibit D) to be dated as of March 18, 1974, between Pacific Power & Light Company and White, Weld & Co. Limited as Agent for the banks therein named, be, and the same hereby is, approved.

IT IS FURTHER ORDERED that Pacific Power & Light Company shall file with this Commission copies of all reports it files with the Federal Power Commission relating to the borrowings and the use of proceeds from the borrowings herein authorized by the Commission.

Neither the borrowings by Pacific Power & Light Company pursuant to the provisions of this order, nor any other act or deed done or performed in connection therewith, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed hereunder.

The foregoing order was adopted by the Public Service Commission of the State of Montana.

DONE IN OPEN SESSION at Helena, Montana, this 18th day of March, 1974.

Louis G. BOEDECKER, Chairman

ERNEST C. STEEL, Commissioner

ROBERT E. McTAGGART, Commissioner

ATTEST:

GAIL E. BEHAN
Secretary

(SEAL)